

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION – DETROIT

In the matter of:

CITY OF DETROIT, MICHIGAN

Case No. 13-53846-swr

Chapter 9

Hon. STEVEN W. RHODES

Debtor _____/

OBJECTION TO CITY OF DETROIT'S PLAN OF ADJUSTMENT [DOCKET 4392]

FILED BY: Richard Shovein

_____ hereby states his/her/their OBJECTION TO:

CITY OF DETROIT'S PLAN OF ADJUSTMENT

for the following reasons.

1. I am interested in the Bankruptcy of the City of Detroit because I am a retiree of the Detroit Water and Sewerage Department. I have lost my spouses healthcare, being asked to repay up to 86,000 dollars with interest that is much higher than anything I can get, losing my cola, paying triple for my medication, my wife's medication under the ACA went from \$30/mo. to \$792/mo. which we couldn't afford and I am losing at least 4.5 percent of my pension.

2a. I object to the above filing because:

The Detroit Water and Sewerage Department (DWSD) is a department of the City of Detroit government and is an Enterprise Fund. The City proposes to use approximately 428.5 million dollars from DWSD to fund pension-related, administrative and restructuring payments. The funds from DWSD can only be used for DWSD expenses and any use not related to a DWSD expense is unlawful.

Legally the only pension costs that can be paid from DWSD funds would be for those of employees who worked for the DWSD.

3. I have attached additional sheets to explain and establish my position.

I hereby certify that the statements made herein are true and correct under penalty of perjury and contempt of Court under the laws of the United States of America.

Wherefore I request the Court will deny the relief sought in said filing.

Name: Richard Shovein

Signature: 

Address: 7773 Phillips Clay, Mi. 48001

Email: Shoveinr@gmail.com

Date: 7-11-2014

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U.S. BANKRUPTCY COURT
E.D. MICHIGAN - DETROIT

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION - DETROIT

in the manner of:

CITY OF DETROIT, MICHIGAN
Case No. 13-33846-jwt
Chapter 7
Hon. STEVEN W. RHODES

CITY OF DETROIT, MICHIGAN

Debtor

OBJECTION TO CITY OF DETROIT'S PLAN OF ADJUSTMENT [DOX RKT 4392]

FILED BY: Richard Shoverin

Shoverin states his/her/their OBJECTION TO:

CITY OF DETROIT'S PLAN OF ADJUSTMENT

for the following reasons:

1. I am interested in the Municipality of the City of Detroit because I am a retiree of the Detroit Water and Sewerage Department. I have lost my spouse's health insurance being asked to repay up to \$6,000 dollars with interest that is much higher than anything I can pay. I am losing my car, paying triple for my medication, my wife's medication under the ACA went from \$30 a month to \$700 a month, which we couldn't afford and I am losing at least 4.2 percent of my pension.

2a. I object to the above filing because:
The Detroit Water and Sewerage Department (DWSD) is a department of the City of Detroit government and is an Enterprise Fund. The City proposes to use approximately \$28.2 million dollars from DWSD to fund pension-related, administrative and restructuring payments. The funds from DWSD can only be used for DWSD expenses and may use not related to a DWSD expense is unlawful.
I object because the only pension costs that can be paid from DWSD funds would be for those employees who worked for the DWSD.

3. I have attached additional sheets to explain and establish my position.

I hereby certify that the statements made herein are true and correct under penalty of perjury and cognizant of Court under the laws of the United States of America.

Wherefore I request the Court will deny the relief sought in said filing.

Name: Richard Shoverin

Signature:

Address: 7373 Phillips Ct Apt 4001

Email: shoverin@att.net

Date: 7-11-2014

The Detroit City Charter clearly states that revenues generated by the providing of water and sewer services by the DWSD may only be used to pay expenses incurred in providing such services. Specifically, Section 7-1203 of the Charter states

Sec. 7-1203. Limitation on Funds.

All moneys paid into the city treasury from fees collected for water, drainage or sewerage services shall be used exclusively for the payment of expenses incurred in the provision of these services, including the interest of principal of any obligations issued to finance the water supply and sewerage disposal facilities of the city, and shall be kept in separate funds.

The Bankruptcy Code does include a "carve-out" which permits a municipality to deduct "necessary operating expenses" from revenues generated by special revenue bonds. Specifically, Section 928(b) of the Bankruptcy Code provides:

Any such lien in special revenues, other than municipal betterment assessments, derived from a project or system shall be subject as to the necessary operating expenses of such project or system, as the case may be.

This provision is designed to allow revenues derived from a special project to be used to maintain the project property and other operating expenses associated with the project. In essence, Section 928(b) is designed to convert a gross revenue pledge into a net revenue pledge in bankruptcy cases, so that general funds aren't diverted into maintaining a project or system from which the municipality will derive no funds.

Until recently, it was unclear whether a municipality could deduct costs and expenses associated with the Chapter 9 case from a special revenue bond that, pursuant to the indenture, paid net revenues. With little case law to guide them, many scholars speculated that the answer was yes.

2b. I object to the ASF claw back because I see no lawful basis for it and the 6.75 percent interest rate demanded by the city is usurious to a group of retirees. I am sure that I can get some statement from financial experts to back my claim and will do so when I have the time. Today is the final day for objections. I will add additional comment later if the court allows that. I asked the clerk at the counter but was told I should contact an attorney for any information.

2c. I also object to the loss of health care when the liability has been established over the years at the Water Department and it is on the books of an enterprise system that sets its rates according to its expenses. There is no shortage of money by law at the DWSD and we face the possibility of losing our livelihood behind a law that can seeming disregard the human resource expenses of a system and pay off the very powerful financial community. I am guessing that we have been deemed an unnecessary expense.

Note....many retirees are in the position of looking for work because of the burden this chapter 9 is putting on them. It would be nice if the city offered them some type of help in finding them employment which is hard to find because of job scarcity and age discrimination. Many would be happy to have their old positions back if they had openings or with contractors filling their old positions. . Obviously many would have never retired if they knew what was coming down road

Sincerely,

Richard Shovein

The Detroit City Charter clearly states that revenues generated by the providing of water and sewer services by the DWD may only be used to pay expenses incurred in providing such services. Specifically, Section 7-1203 of the Charter states

Sec. 7-1203. Limitation on Funds.

All moneys paid into the city treasury from fees collected for water drainage or sewerage services shall be used exclusively for the payment of expenses incurred in the provision of those services, including the interest of principal of any obligations issued to finance the water supply and sewerage disposal facilities of the city, and shall be kept in separate funds.

The City Charter Code does include a reserve for water supply and sewerage services, which is a separate fund. The City Charter Code also includes a provision for the payment of expenses incurred in the provision of those services, including the interest of principal of any obligations issued to finance the water supply and sewerage disposal facilities of the city, and shall be kept in separate funds.

The provision is intended to allow revenues from the water supply and sewerage services to be used for the payment of expenses incurred in the provision of those services, including the interest of principal of any obligations issued to finance the water supply and sewerage disposal facilities of the city, and shall be kept in separate funds.

The intent of the provision is to allow revenues from the water supply and sewerage services to be used for the payment of expenses incurred in the provision of those services, including the interest of principal of any obligations issued to finance the water supply and sewerage disposal facilities of the city, and shall be kept in separate funds.

The provision is intended to allow revenues from the water supply and sewerage services to be used for the payment of expenses incurred in the provision of those services, including the interest of principal of any obligations issued to finance the water supply and sewerage disposal facilities of the city, and shall be kept in separate funds.

The provision is intended to allow revenues from the water supply and sewerage services to be used for the payment of expenses incurred in the provision of those services, including the interest of principal of any obligations issued to finance the water supply and sewerage disposal facilities of the city, and shall be kept in separate funds.

(b) (1)

Section 7-1203